



**Georgia Department of Banking & Finance— Non Depository Financial Institutions Division
Monthly Summary of Mortgage Activities for the Period Ending February 2009**

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NEWS

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Useful Links

MORTGAGE FORMS:
DBF.GEORGIA.GOV/DBFMTGFORMS

UPDATING LICENSE INFORMATION
DBF.GEORGIA.GOV/DBFMTGFORMS

MORTGAGE SUMMARY
DBF.GEORGIA.GOV/DBFMTGSUMMARY

STATE NEWS ITEMS

**LOAN MODIFICATIONS
LICENSE REQUIRED**

The overall economy, its impact on the homeowner/ mortgagor and efforts by Congress to provide foreclosure relief through legislation has offered a expanding revenue avenue—loan modification services. Nationwide this has become what can be seen as a lucrative endeavor, as it has become apparent that many persons, many new to the mortgage industry, have seen the opportunity to work with homeowners to help them modify their existing loans. The Department has received numerous inquiries regarding the need for these loan modification services to have a Georgia mortgage broker’s or lender’s license, and the answer is YES, unless otherwise exempted from licensing.

Pursuant to a review of the legal definitions and requirements within the Georgia Residential Mortgage Act (“Act”), it would appear all loan modification services/activities fall under the requirements covered by the statute, particularly by looking closely at the definitions of a "mortgage loan" and "mortgage broker", as noted below:

The **mortgage loan** definition includes within its meaning a **loan or agreement to extend credit.....**

Loan modifications generally involve a change in the existing loan agreement such as the interest rate, number of months, or some type of a forbearance agreement, or possibly a new loan and therefore it meets the aforementioned definition of mortgage loan; and/or

A **mortgage broker** includes any “person who directly or indirectly solicits, processes, places, or negotiates mortgage loans.....”

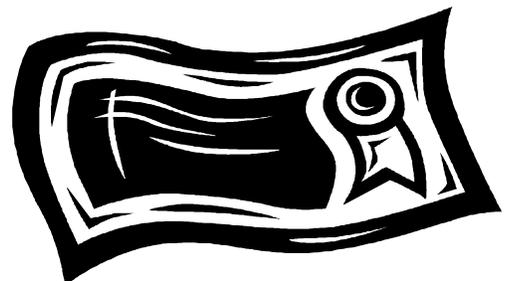
Any person who solicits, processes, places, or **negotiates** a mortgage loan or agreement would meet the definition of a mortgage broker, and therefore would require a license.

Therefore, unless a person is otherwise exempt from licensing under the Act, a license or registration would be required in order to provide mortgage loan modification services.

Licenseses need to be aware of this requirement when participating in the loan modification process on behalf of consumers. Check the Department’s website to make certain the parties to the process are licensed, or call to inquire. Searches are available at: <https://dbfweb.dbf.state.ga.us/WebMBData.html>.

Should you be aware of persons providing loan modification services and you are concerned that they do not hold a valid license or exemption, information regarding these activities may be sent to the Department and we will review the information and take any appropriate administrative action based on the information provided.

Often services are offered and upfront fees are taken but there is no loan application or modification/ amendment documentation taken. If the services performed and fees taken are by an entity that is not a licensee, such action does not fall under the Department’s jurisdiction, but rather the Governor’s Office of Consumer Affairs and/or The Federal Trade Commission. An example of this would be individuals paying up-front fees for foreclosure rescue, no mortgage loan documentation regarding the transaction is made, and essentially no services are received.



State News Items

“GAPS”

New Fingerprinting Process in Georgia

The Georgia Bureau of Investigation, through Cogent Systems, is now providing electronic fingerprint submission services for mortgage licensing and employment purposes under GRMA located in or near the State of Georgia. The new service, **Georgia Applicant Processing Services** (“GAPS”), decreases the need for agencies/businesses to submit hardcopy fingerprint cards and provides the ability for applicants to have fingerprint backgrounds checks processed electronically in a non-criminal justice environment.

GAPS provides fixed office locations throughout the state so that Georgia residents will not have to travel more than 25 miles to a GAPS office. [Print Locations](#) are available on the web. Search results of the fingerprint background check should be available for agency retrieval from the GAPS website within 24 to 48 hours after the applicant is fingerprinted and the transaction submitted to GCIC for processing.

Electronic submission of fingerprint images will involve the use of a Cogent *Livescan* machine. The *Livescan* is essentially a sophisticated scanner/personal computer that captures fingerprint images and demographic data and submits this information to GBI. GBI conducts a search of its criminal history records using the fingerprint images and, for the Department, these images are forwarded to the FBI where a Federal Criminal History Record search is also conducted. Notifications of the search results are forwarded from the GBI/FBI to Cogent Systems which electronically disseminates the search results to the Department.

Review of Outsourcing Criminal History Processing/Fees

For additional information regarding the history of outsourcing criminal history processing, please visit: https://www.ga.cogentid.com/GA_DOCS_html/Outsourcing_Narrative_09102007.htm. This document also discusses security and privacy of the system.

Fee information for processing is available at https://www.ga.cogentid.com/GA_DOCS_html/GA_Fees_10012007.htm.

The processing fee for mortgage licensing requests is \$32.15. The fee is payable by the applicant at the GAPS Print Location. **Only** credit cards and money orders are accepted for payment.

Georgia Criminal History Record Information Obtained For Employment by Licensees

Georgia criminal history record information (background checks) as required under GRMA by licensees on their employees, based on a search of name and descriptive data only, is still obtainable from local law enforcement agencies providing this service. A [background check authorization form](#) is available on the Department’s website. Please contact local law enforcement agencies directly for information on agency specific requirements and fees. Background Check results that indicate the data is incomplete or which indicate the individual is a multi-source offender require the employer to submit fingerprint cards on that employee to the Department for further investigation. Georgia licensees with access to GAPS locations should follow these procedures for obtaining fingerprint card results through GAPS on its employees if required.

General Instructions

Instructions and forms are available on the [DBF website](#). Please follow those instructions to provide fingerprint card/criminal history GAPS search information to the Department or to request cards, depending upon your circumstances. The Department will enter the required GAPS transaction information. Card requests should still be submitted on-line. Submit information by: **Fax** to (770) 986-1029 or scanned by **E-mail** to dbfmort@dbf.state.ga.us:

- ◆ Personal identifying information is submitted to the Department using an [Applicant Registration Form](#).
 - ◆ Submit GAPS Waiver/Acknowledgement Form to the Department using an [Acknowledgement Form](#).
 - ◆ Fax or scan and e-mail both documents to the Department as noted above.
 - ◆ The Department will enter the registration information online and send you a Registration ID Number.
 - ◆ Applicant then contacts a GAPS Print Location to make an appointment or verify hours of operation.
 - ◆ Requirements for completing prints at the chosen GAPS location are: payment (credit card or money order **ONLY** payable to Cogent Systems – GAPS), photo ID, and Department supplied Registration ID Number.
 - ◆ Once prints are taken, the Department will receive the results. Please e-mail dbfmort@dbf.state.ga.us to let us know the process has been completed and to expect the results.
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National News Items

FinCEN Mortgage Fraud Report

Growth in Mortgage Repurchases Increases Fraud Detection

The Financial Crimes Enforcement Network (FinCEN) released its latest mortgage fraud analysis on February 25, 2009 - titled [Filing Trends in Mortgage Loan Fraud](#) - that shows suspicious activity reports (SARs) filed on suspected mortgage fraud increased 44 percent in the 12 months ending in June 2008 compared with the prior year.

"The continued rate of growth in mortgage fraud SAR filings underscores the increased vigilance and awareness of financial institutions, particularly as they continue to try to mitigate possible credit losses," said FinCEN Director James H. Freis, Jr. "For instance, one of the trends FinCEN spotted in this latest round of analysis is the increase in mortgage fraud detection in connection with mortgage purchasers sending home loans back to originators for repurchase." Filing institutions referenced repurchase demands in 8 percent of filings.

Overall, from July 1, 2007 through June 30, 2008, the 12-month period examined for this analysis, financial institutions filed 62,084 depository institution SARs reporting mortgage loan fraud, up 44 percent from 43,054 reported from July 1, 2006 through June 30, 2007. The 62,084 figure represents 9 percent of all depository institution SARs filed during the period.

In addition to suspicion triggered in connection with repurchase demands, there were other trends in the growth in suspected mortgage fraud. Filing institutions referenced foreclosures in 13 percent of their SAR filings, insurers in 8 percent and early default payments in 2 percent of filings as indications of suspected fraud. These patterns of filings generally involved the detection of suspected fraud after the mortgage had been granted. That notwithstanding, there also was an

increase in the percentage of SARs filed prior to granting the loan (34% as compared to 31% in the prior one-year period, which, as highlighted in FinCEN's April 2008 report, was an increase from 21% over the preceding decade). The overall SAR filing trend does not necessarily reflect fraudulent activity on current mortgage originations.

FinCEN has issued three public mortgage fraud reports - part of a series released since 2006 - based upon an analysis of SAR filings by depository institutions where mortgage loan fraud is specifically indicated. For the second consecutive year, mortgage loan fraud was the third most reported SAR activity during the reporting period behind the general Bank Secrecy Act/structuring/Anti Money Laundering (BSA/AML) category, and check fraud. Nearly 900 filing institutions submitted SARs reporting mortgage loan fraud SARs over the most recent 12-month period studied.

In 2009, FinCEN is conducting additional analyses to examine the relationship between mortgage loan fraud and other financial fraud, and will further explore reported activities, locations, and subjects. In this context, FinCEN will further examine identity theft, international connections, and mortgage-related activities found in other BSA reports.

Background

Suspicious Activity Reports filed with FinCEN by depository institutions are a critical source of information for law enforcement in investigating and prosecuting mortgage fraud related crimes. In addition to its published analytical reports, FinCEN provides technical expertise and both strategic and tactical support to the law enforcement and financial regulatory communities at the Federal and State levels to investigate and prosecute mortgage fraud and to protect the financial industry and its customers.



State/National News Items

EXAMINERS AWARDED

The Mortgage Examiners Group was presented the "Outstanding Regulatory Unit Award" at the 2009 Georgia Real Estate Fraud Prevention and Awareness Coalition's 2009 Annual Conference. The award was presented in recognition of the Examiners' efforts in investigating and documenting mortgage fraud.

(The Georgia Real Estate Fraud Prevention and Awareness Coalition (GREFPAC) is comprised of concerned individuals and professionals from all aspects of the real estate industry, working together with federal, state and local regulators and law enforcement agencies, to create environments that promote honesty, openness & fairness in real estate transactions.)



Left to right: Phillip Valenzuela, Sandra Sheley, Andy Reid, Diane Hester, Rhonda Sampson, Betty Thomas, Bob Bauguss, Amanda Turner, Fernando Ornelas



HUD Issues 2009 FHA Loan Limits

The FHA national floor limits remain set at 65 % as follows:

The Department of Housing and Urban Development issued Mortgagee Letter 2009-07 announcing the 2009 FHA single-family loan limits based on the American Recovery and Reinvestment Act ("ARRA") this week. The loan limits will remain in effect until December 31, 2009.

- One-Unit \$271,050
- Two-Unit \$347,000
- Three-Unit \$419,400
- Four-Unit \$521,250

Under ARRA, the revised FHA loan limits for 2009 will be set at the higher of the loan limits established for 2008 under the Economic Stimulus Act of 2008 (ESA) or those established for 2009 under the Housing and Economic Recovery Act of 2008 (HERA).

The FHA national ceiling limits are as follows:

- One-Unit \$729,750
- Two-Unit \$934,200
- Three-Unit \$1,129,250
- Four-Unit \$1,403,400

A copy of [Mortgagee Letter 2009-07](#) includes special exceptions for Alaska, Hawaii, Guam, and Virgin Islands, as well as Home Equity Conversion Mortgages.

Schedules of FHA mortgage limits for all areas, for forward loans and reverse mortgages, are available at <https://entp.hud.gov/idapp/html/hicostlook.cfm>.



Administrative Actions

CEASE AND DESIST ORDERS WHICH BECAME FINAL

- **Abbey Investments, LLC dba Homebuyers Mortgage, Lilburn, GA (license no. 21208)** – Cease and Desist Order issued January 27, 2009 became final on February 26, 2009.
- **Advanced Process Solutions, LLC, Canton, GA (license no. 23384)** – Cease and Desist Order issued January 5, 2009 became final on February 4, 2009.
- **Empowerment Home Lending, Inc., Woodstock, GA (license no. 20846)** – Cease and Desist Order issued January 26, 2009 became final on February 25, 2009.
- **H & H Funding Group, LLC, Atlanta, GA (license no. 23204)** – Cease and Desist Order issued December 29, 2008 became final on February 1, 2009.
- **Howard, Demetrius** – Cease and Desist Order issued February 4, 2009 became final on February 25, 2009.
- **Lee Financial Corporation, Charleston, SC (license no. 18073)** – Cease and Desist Order issued January 13, 2008 became final on February 12, 2009.
- **Liberty One Lending Incorporation, Goodyear, AZ (license no. 22459)** – Cease and Desist Order issued January 16, 2009 became final on February 16, 2009.
- **Madison Mortgage Corporation, Smyrna, GA (license no. 16907)** – Cease and Desist Order issued January 16, 2009 became final on February 18, 2009.
- **Maultsby, Jennifer** – Cease and Desist Order issued February 4, 2009 became final on February 25, 2009.
- **Mavroulis, Stilianos “Stan”, Baltimore, MD** – Cease and Desist Order issued January 20, 2009 became final on February 10, 2009.
- **Marvroulis, Vasilios “Bill”, Baltimore, MD** – Cease and Desist Order issued January 20, 2009 became final on February 10, 2009.
- **Mize, Jason, Tampa, FL** – Cease and Desist Order issued January 21, 2009 became final on February 11, 2009.
- **Mortgage Lending Solutions, LLC (FL), Delray Beach, FL (license no. 23286)** – Cease and Desist Order issued January 26, 2009 became final on February 25, 2009.
- **Spencer, Jerry** – Cease and Desist Order issued February 4, 2009 became final on February 25, 2009.
- **Sunshine Mortgage Corporation, Smyrna, GA (license no. 6333)** – Cease and Desist Order issued January 13, 2009 became final on February 12, 2009.

Administrative Actions

CEASE AND DESIST ORDERS—LIFTED, RESCINDED, WITHDRAWN

- **The Miller Mortgage Group, Inc., McDonough, GA (license no. 20291)** – Cease and Desist Order issued May 29, 2008 was rescinded on February 20, 2009.
- **SouthState Financial Network, Inc., Norcross, GA (license no. 6464)** – Cease and Desist Order issued October 16, 2008 was rescinded on February 6, 2009.

FINAL CONSENT ORDERS

- **Duff, Betty Ann, Gainesville, GA** – Consent Order issued February 1, 2009 became final on February 1, 2009.
- **Sgro, Stephanie, Alpharetta, GA**, – Consent Order issued February 23, 2009 became final on February 23, 2009.
- **Nationwide Mortgage Lending Group, Inc., Alpharetta, GA (license no. 22915)** – Consent Order issued on February 23, 2009 became final on February 23, 2009.

SUPERIOR COURT INJUNCTIONS—ISSUED

- None

FINE INFORMATION

Information regarding fines assessed against a specific licensee, against whom there are no pending administrative actions, is available on an individual licensee basis by submitting a written request to the following e-mail address: dbfmort@dbf.state.ga.us

FINE REASON

2	Licensees fined for Books & Records	1	Licensee fined for Failure to Fund
2	Licensees fined for Acq of 10% ownership w/o approval	1	Licensee fined for Prohibited Acts
1	Licensee fined for Change in Management w/o approval	1	Licensee fined for Failure to Submit Exam
1	Licensee fined for Loans File not properly maintained		

Administrative Actions

LICENSEES/REGISTRANTS REVOKED, EXPIRED, SURRENDERED, WITHDRAWN OR DENIED IN FEBRUARY 2009

ID#	COMPANY NAME	CODE	REVOKED	EXPIRED	SURRENDER	WITHDRAWN	DENIED
5831	EQUITY ONE INC	RD				02-20-2009	
6183	DIRECT MTG INC	BD				02-16-2009	
6333	SUNSHINE MTG CORP	LD		02-12-2009			
13547	AMER LENDING GRP INC	LD				02-03-2009	
13595	US MTG CORP	LD				02-18-2009	
16035	1ST REPUBLIC MTG INC	LD				02-12-2009	
16080	SUMMIT MTG FINL INC	BD				02-27-2009	
16832	JNS MTG SVCS INC	BD				02-10-2009	
16907	MADISON MTG CORP	LD		02-18-2009			
17079	FIDELITY HM MTG CORP	LD	02-10-2009				
18073	LEE FINL CORP	LD		02-12-2009			
18904	IMPACT MTG GRP INC	BD				02-23-2009	
20173	WASHINGTON, ROBERT A	BD				02-13-2009	
20846	EMPOWERMENT HM LENDING	BD		02-25-2009			
20882	ENVISION LENDING GRP INC	BD				02-26-2009	
21208	ABBEY INV LLC	BD		02-26-2009			
21393	EQUITY LEADERSHIP MTG GRP	BD				02-02-2009	
21662	HOME LENDING SOLUTIONS CO	BD				02-05-2009	
21841	PREMIER HOME LENDING, INC	BD	02-18-2009				
22459	LIBERTY ONE LENDING INC	LD		02-16-2009			
22571	ST CAP MTG INC	BD				02-02-2009	
22778	AMERIMORTGAGE CORP	BD				02-17-2009	
22884	DIAMOND MTG SOLUTIONS INC	BD				02-10-2009	
23204	H & H FUNDING GRP LLC	BD		02-01-2009			
23286	MTG LENDING SOLUTIONS LLC	BD		02-25-2009			
23384	ADVANCED PROCESS SOLUTION	BD		02-04-2009			

TOTAL: 26

Administrative Actions

LICENSEES/REGISTRANTS APPROVED OR REINSTATED IN FEBRUARY 2009

ID#	COMPANY NAME	CITY	ST	MB CD	ORIGINAL APPROVAL	RENEWAL	REINSTATED
23757	Mortgage Source Direct, LLC	Atlanta	GA	B	02-06-2009	02-06-2009	
23769	US Mortgage Corporation (New York)	Bohemia	NY	L	02-06-2009	02-06-2009	
23800	Value Financial Mortgage Services, Inc.	Miami	FL	L	02-06-2009	02-06-2009	
23819	Allon Hill, LLC	Denver	CO	L	02-06-2009	02-06-2009	
23818	Priority Financial Services, LLC	Baltimore	MD	L	02-13-2009	02-13-2009	
23839	Paragon Capital Funding Corp.	New York	NY	L	02-13-2009	02-13-2009	
23841	First Homeowners Financial Corporation	Atlanta	GA	L	02-13-2009	02-13-2009	
23826	Total Equity Solutions, LLC	Atlanta	GA	B	02-20-2009	02-20-2009	
23842	WEI Mortgage Corporation	Rockville	MD	L	02-20-2009	02-20-2009	
23853	Family Home Corp	Atlanta	GA	B	02-20-2009	02-20-2009	
23766	H&H Financial Group, LLC (IN)	Newburgh	IN	L	02-27-2009	02-27-2009	
23854	AMS Servicing, LLC (DE)	Buffalo	NY	L	02-27-2009	02-27-2009	
6464	SouthState Financial Network, Inc.	Norcross	GA	B	06-30-1993	02-06-2009	02-06-2009
11640	Mortgage Investors Group	Knoxville	TN	L	05-31-1996	02-13-2009	02-13-2009
20291	The Miller Mortgage Group, Inc.	McDonough	GA	B	05-13-2005	02-20-2009	02-20-2009
19903	Alaska Seaboard Partners Limited Partnership	Eureka	CA	L	01-14-2005	02-27-2009	02-27-2009

TOTAL: 16

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We're on the Web!
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LICENSE STATUS CHANGE INDICATORS & MORTGAGE LICENSE CODES—(In Tables)

License Status Indicators		(MB CD) - Mortgage License Codes	
*	Upgrade Broker to Lender	B	Broker
+	Downgrade Lender to Broker	L	Lender
#	Upgrade Lender to Registrant	P	Processor
.	Downgrade Registrant to Lender	R	Registrant



Our Motto is: "Safeguarding Georgia's Financial Services"

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